THE ECONOMIC COST OF SLAVEHOLDING IN THE COTTON BELT[1]

APART from mere surface politics, the ante-bellum South is largely an unknown country to American historians. The conditions, the life, the spirit of its people were so different from those which prevailed and still prevail in the North that it is difficult for northern investigators to interpret correctly the facts which they are able to find. From the South itself they have received little assistance; for before the war southerners were content, as a rule, to transmit traditions without writing books and since the war they have been too seriously engrossed in adapting themselves to new conditions to feel any strong impulse towards a scientific reconstruction of the former environment. When the South shall have been interpreted to the world by its own writers, it will be highly useful for students of other sections and other countries to criticise and correct, utilize and supplement the southern historical literature.[2] At the present time, however, the great need seems to be that of interpretation of developments in the South by men who have inherited southern traditions. This consideration will perhaps justify the following incomplete study.

Whether negro slavery was an advantage in the early colonies and whether it became a burden in the later period, and, if so, how the change occurred, and why the people did not relieve themselves of the incubus—these are a few of the fundamental problems to which the student must address himself. The present essay, based on a study of slave prices, deals with the general economic conditions of slaveholding, and shows the great transformation caused by the opening of the cotton belt and the closing of the African slave trade.

[1] The grant of a fund by the Carnegie Institution of Washington has been of material aid in prosecuting the research of which this article is a product.

[2] In the study of the economic history of American slavery the writer has enjoyed the collaboration of Dr. Charles McCarthy, of Wisconsin, a keen thinker with a point of view which supplements that of a southerner.

As regards the labor supply, the conditions at the outset in the new world of America were unlike those of modern Europe, but similar to those of Asia and Europe in primitive times. The ancient labor problem rose afresh in the plantation colonies, for land was plentiful and free, and men would not work as voluntary wage-earners in other men's employ when they might as readily work for themselves in independence. There was a great demand for labor upon the colonial estates, and when it became clear that freemen would not come and work for hire, a demand developed for servile labor. At first recourse was had to white men and women who bound themselves to serve three or four years to pay for their transportation across the sea, and to English criminals who were sent to the colonies and bound to labor for longer terms, frequently for five or seven years. Indian slaves were tried, but proved useless. Finally the negroes were discovered to be cheap and useful laborers for domestic service and plantation work.

For above half a century after the first negroes were brought to Virginia in 1620, this labor was considered a doubtful experiment; and their numbers increased very slowly until after the beginning of the golden age of the colony toward the end of the reign of Charles II. But the planters learned at length that the negroes could be employed to very good advantage in the plantation system; and after about 1680 the import of slaves grew steadily larger.[1]

In the West Indies the system of plantations worked by slaves had been borrowed by the English settlers from the Spaniards; and when the South Carolina coast was colonized, some of the West India planters immigrated and brought this system with them. In view of the climate and the crops on the Carolina coast, negro slave labor was thought to be a *sine qua non* of successful colonizing. The use of the slaves was confined always to the lowlands, until after Whitney invented the cotton gin; but in the early years of the nineteenth century the rapid opening of the great inland cotton belt created a new and very strong demand for labor. The white farming

[1] For statistics of the increase of slaves in Virginia, see J. C. Ballagh, History of Slavery in Virginia, pp. 10 to 25, *et passim*.

population already in the uplands was by far too small to do the work; the lowland planters began to move thither with their slaves; the northern and European laboring classes were not attracted by the prospect of working alongside the negroes; and accordingly the demand for labor in the cotton belt was translated into an unprecedented demand for negro slave labor.

Negro slavery was established in the South, as elsewhere, because the white people were seeking their own welfare and comfort. It was maintained for the same economic reason, and also because it was thought to be essential for safety. As soon as the negroes were on hand in large numbers, the problem was to keep their savage instincts from breaking forth, and to utilize them in civilized industry. The plantation system solved the problem of organization, while the discipline and control obtained through the institution of slavery were considered necessary to preserve the peace and to secure the welfare of both races. Private gain and public safety were secured for the time being; but in the long run, as we shall see, these ends were attained at the expense of private and public wealth and of progress.

This peculiar labor system failed to gain strength in the North, because there was there no work which negro slaves could perform with notable profit to their masters. In certain parts of the South the system flourished because the work required was simple, the returns were large, and the shortcomings of negro slave labor were partially offset by the ease with which it could be organized.

Once developed, the system was of course maintained so long as it appeared profitable to any important part of the community. Wherever the immediate profits from slave labor were found to be large, the number of slaves tended to increase, not only through the birth of children, but by importations. Thus the staple-producing areas became "black belts," where most of the labor was done by slaves. With large amounts of capital invested in slaves, the system would be maintained even in times of depression, when the plantations were running at something of a loss; for, just as in a factory, the capital was fixed, and operations could not be stopped without a still greater loss.

When property in slaves had become important, the conservative element in politics became devoted, as a rule, to the preservation of this vested interest. The very force of inertia tended to maintain the established system, and a convulsion or crisis of some sort was necessary for its disestablishment in any region.

As a matter of fact it was only in special industries, and only in times of special prosperity, that negro slave labor was of such decided profit as to escape condemnation for its inherent disadvantages. But at certain periods in Virginia and in the lower South, the conditions were unusual: all labor was profitable; hired labor was not to be had so long as land was free; indentured white servants were in various ways unsatisfactory, and negro slaves were therefore found to be of decided profit to their masters. The price of Africans in colonial times was so low that, when crops and prices were good, the labor of those imported repaid their original cost in a few years, and the planters felt a constant temptation to increase their holdings of land and of slaves in the hope of still greater profits.

Thus in Virginia there was a vicious circle: planters bought fresh lands and more slaves to make more tobacco, and with the profits from tobacco they bought more land and slaves to make more tobacco with which to buy yet more land and slaves. The situation in the lower South was similar to that in Virginia, with rice and indigo, or sugar, or in latter times cotton, substituted for tobacco. In either case the process involved a heavy export of wealth in the acquisition of every new laborer. The Yankee skipper had a corresponding circle of his own: he carried rum to Guinea to exchange for slaves, slaves to the plantation colonies to exchange for molasses, molasses to New England to exchange for more rum, and this rum again to Guinea to exchange for more slaves. The difference was that the Yankee made a genuine profit on every exchange and thriftily laid up his savings, while the southern planter, as a rule, invested all his profits in a fictitious form of wealth and never accumulated a surplus for any other sort of investment.

From an economic point of view the American system of

slavery was a system of firmly controlling the unintelligent negro laborers, and of capitalizing the prospective value of the labor of each workman for the whole of his life. An essential feature of that system was the practice of buying and selling the control over the slave's labor, and one of the indexes to the economic situation at any time may be found in the quotations of slave prices.

The slave trade had no particular local home or "exchange," but it extended throughout all the slaveholding districts of America. Though the number and frequency of slave sales was relatively small, the traffic when once developed had many of the features of modern stock or produce markets. It cannot be forgotten, of course, that the slave trade involved questions of humanity and social organization as well as the mere money problem; but from the financial point of view the slave traffic constituted simply an extensive commodity market, where the article dealt in was life-time labor. As in any other market, the operations in the slave trade were controlled by economic laws or tendencies. There were bull influences and bear influences, and occasional speculative campaigns. And when at times the supply was subjected to monopoly control, the prices tended to go wild and disturb the general system of finance in the whole region.

In the general slave market there was constant competition among those wishing to sell, and among those wishing to buy. The volume of the colonial slave trade and the rate of slave prices tended to fluctuate to some extent with the tides of prosperity in the respective staple-producing areas; but during the colonial period the plantations in the different regions were of such varied interests, producing tobacco, rice, indigo, cotton, sugar and coffee, that depression in one of these industries was usually offset, so far as concerned the slave-trader, by high profits in another. Barbadoes was the information station. The slave ships touched there and gathered news of where their "ebony" was to be sold the highest.[1] The Royal African Company had the best system of intelli-

[1] D. McKinnon, Tour Through the British West Indies, p. 8.

gence, and about 1770 and 1780 it sold its cargoes at a fairly uniform price of £18 to £22 per head,[1] while the independent traders appear to have obtained from £15 to £25, according to the chances of the market. American-born slaves, when sold, brought higher prices than fresh Africans, because their training in plantation labor and domestic service rendered them more valuable. The prices of the home-raised slaves varied considerably, but so long as the African trade was kept open, the price of field hands of all sorts was kept reasonably near to the price of the savage African imports.

In the very early period the sellers in the slave market were more eager than the buyers, and the prices ranged nearly as low as the cost of purchasing slaves in Africa and transporting them to America; but great prosperity in all the different groups of plantations at the same period soon greatly increased the demand, and the ships in the traffic proving too few, prices rapidly advanced. After this, however, there came a decline in tobacco profits; then the war of revolt from Great Britain depressed all the staple industries simultaneously, and following that the American production of indigo was ruined by foreign competition. Thus in 1790–95 slave prices reached the bottom of a twenty years' decline.[2]

[1] *Virginia Magazine*, iii, 167. Calendar of State Papers, Colonial Series, America and West Indies, 1775–76, p. 155 *et passim*.

[2] The depression of industry in the staple districts toward the close of the eighteenth century is illustrated by several contemporary writers. Samuel DuBose, in his reminiscences of St. Stephen's parish, describes conditions in lowland South Carolina in the period after the close of the American Revolution:

"When peace was restored every planter was in debt. . . . Ruin stared many in the face. Besides, with the exception of rice, the country had no staple crop; for since the bounty, which as colonists they had enjoyed on the export of indigo and naval stores, had been discontinued, these products ceased to have any value, and negroes fell in price. Prime gangs were not unfrequently sold for less than two hundred dollars per head. . . . The people however . . . . were sanguine respecting the future. . . . They strove to reduce their expenses to the lowest possible point; they manufactured clothing for themselves and their slaves; raised abundant supplies of poultry and stock of various kinds, and with these contrived to live in plenty. . . . [At length] the Santee Canal was projected and constructed within their neighborhood. Everyone availed himself to a greater or less extent of this opportunity of hiring their negroes; for men they received thirty and for women twenty pounds sterling per annum, besides their food. At times a thousand labor-

The developments following Whitney's invention of the cotton gin revolutionized the situation. Slave prices entered upon a steady advance, which was quickened by the prohibition of the African trade in 1808. They were then held stationary by the restrictions upon commerce, and were thrown backward by the outbreak of war in 1812. But with the peace of Ghent the results of the new cotton industry and of the cessation of African imports became strikingly manifest. The inland fields of the lower South proved to be peculiarly adapted for the production of cotton. The simplicity of the work and the even distribution of the tasks through the seasons made negro slave labor peculiarly available. With the increasing demand of the world for cotton, there was built up in the South perhaps the greatest staple monopoly the world had ever seen. The result was an enormous demand for slaves in the cotton belt. American ports, however, were now closed to the foreign slave trade. The number of slaves available in America was now fixed, the rate of increase was limited, and the old "tobacco South" had a monopoly of the only supply which could meet the demand of the new "cotton South."

ers were employed on this work, which was seven years in being completed. The enterprise, which was disastrous to those who had embarked in it, rescued a large number of planters from ruin. It was commenced in 1792, and finished in 1800. Two or three years after it had been commenced, a few planters in the neighborhood tried the cultivation of cotton on a small scale, but the progress of this enterprise was slow and irresolute, in consequence of the difficulty of preparing it for market. With the improvement of the gins, the cotton culture increased and was extended, until 1799, when Capt. James Sinkler planted three hundred acres at his plantation Belvidere, on Eutaw Creek, and reaped from each acre two hundred and sixteen pounds, which he sold for from fifty to seventy-five cents per pound." This pamphlet of DuBose's is reprinted in T. G. Thomas' History of the Huguenots in South Carolina. N. Y., 1887, *vide* pp. 66–68. The accuracy of the statements quoted is borne out by the very interesting manuscript records of the Porcher-Ravenel family, which are now in the possession of members of the family at Pinopolis, St. John's parish, Berkeley, S. C.

Virginia conditions are indicated in a letter of George Washington to Alexander Spotswood, Nov. 23, 1794, which is published in the *New York Public Library Bulletin*, vol. ii, pp. 14, 15. Spotswood had written that he intended moving west, and asked advice as to selling his lands and slaves. Washington replied that he believed that before many years had passed slaves would become a very troublesome sort of property, and that, except for his principles against selling negroes, he himself would not by the end of twelve months be possessed of a single one as a slave.

Till 1815 "colonial" conditions prevailed, and the market for slave labor was relatively quiet and steady. In 1815 began the "ante-bellum" régime, in which the whole economy of the South was governed by the apparently capricious play of the compound monopoly of cotton and slave labor. The price of cotton was governed by the American output and its relation to the European demand. And the price of slaves was governed by the profits in cotton and the relation of the labor demand to the monopolized labor supply.[1]

For an understanding of slaveholding economics, a careful study of the history of slave prices is essential. Prior to the middle of the eighteenth century, the scarcity of data, the changing value of gold, the multiplicity of coinage systems and the use of paper money with irregular depreciations unfortunately present so many obstacles that any effort to determine the fluctuation of slave prices would be of very doubtful success. For the following periods the study is feasible, although under the best of existing circumstances slave prices are hard to collect and hard to compare. The proportion of the slave population on the market at any time was very much smaller than the student of prices could wish for the purpose of his study; and many of the sales which were made are not to be found in the records. The market classification of the slaves was flexible and irregular; and, except in Louisiana, most of the documents in the public archives do not indicate the classification. To make thoroughly accurate comparison of slave prices at different times and places, we should need to know, among other things, the sex, age, strength and nativity of the slaves; the purity or mixture of blood of the negroes, mulattoes, quadroons, mestizoes, *etc.;* and their special training or lack of it. For such statistical purposes, however, the records have many shortcomings. In many cases they state simply that the slave Matt or Congo or Martha, belonging to the estate of William Jones, deceased, was sold on the date given to Thomas Smith, for, say, $300, on twelve months' credit. Such an item indicates the sex and states the price, but gives

[1] *Cf.* De Toqueville, Democracy in America, vol. ii, p. 233.

little else. In other instances the slaves are classed as infants, boys, men (or fellows) and old men; girls, wenches and old women. Whole families were often sold as a lot, with no individual quotations given. Women were hardly ever sold separate from their young children. In the dearth of separate sale quotations, any study of the prices of female slaves would have to be based chiefly upon appraisal values, which of course were much less accurate than actual market prices.

The sales made by the professional slave traders were generally recorded each in a bill of sale; but in most of the localities these were not transcribed into the formal books of record, and the originals have mostly disappeared. The majority of the sales of which records are to be found were those of the slaves in the estates of deceased persons. These sales were at auction; and except in abnormal cases, which may often be distinguished, they may be taken as fairly representative of slave prices for the time and place.

There was always a great difference between the values of individual slaves. When the average price of negroes ranged about $500, prime field hands brought, say, $1,000, and skilled artisans still more. At that rate, an infant would be valued at about $100, a boy of twelve years and a man of fifty at about $500 each, and a prime wench for field work at $800 or $900.

The most feasible comparison of prices is that of prime field hands, who may be defined as well-grown, able-bodied fellows, with average training and between eighteen and thirty years of age. To find the current price of prime field hands in lists where no classification is given, we take the average of the highest ordinary prices. We ignore any scattering extreme quotations, as applying probably to specially valuable artisans, overseers or domestic servants, and not to field hands. Where ages are given, we take the average of the prices paid for grown fellows too young to have received special training. We leave aside, on the other hand, the exceptionally low quotations as being due to infirmities which exclude the slave from the prime grade. The professional slave traders in the domestic traffic dealt mostly in "likely young fellows and

wenches." In the quotations of the sales by these traders, when no details are recorded, we may assume that the average, except for children, will range just a little below the current rate for prime field hands.

In view of all the hindrances, the production of a perfectly accurate table of prices cannot be hoped for, even from the exercise of the utmost care and discrimination. The table which follows is simply an approximation of averages made in a careful study of several thousand quotations in the state of Georgia.[1]

The parallel quotations of cotton prices[2] afford a basis for the study of slave-labor capitalization. In examining these quotations it will be noticed that during many brief periods the prices of slaves and cotton rose and fell somewhat in harmony; but that in the whole period under review the price of cotton underwent a heavy net decline, while slave prices had an extremely strong upward movement. The change which took place in the relative slave and cotton prices was really astonishing. In 1800 a prime field hand was worth in the market about 1500 pounds of ginned cotton; in 1809, about 3000 pounds; in 1818, about 3500; in 1826, about 5400; in 1837, about 10,000; in 1845, about 12,000; in 1860, 15,000 to 18,000. In his capacity for work, a prime negro in 1800 was worth nearly or quite as much as a similar slave in 1860; and a pound of cotton in 1860 was not essentially different from a pound of cotton in 1800. But our table shows that within that epoch of three-score years there was an advance of some 1000 or 1200 per cent in the price of slaves as measured in cotton.

[1] The sources used for this tabulation are the documents in the Georgia state archives and the records of Baldwin, Oglethorpe, Clarke and Troup counties, all lying in the Georgia cotton belt, together with bills of sale in private hands, travelers' accounts, and articles in the newspapers of the period. Instances of sudden rise or fall in slave prices and sales of large and noted estates were often reported in the local press, with comments. There is no printed collection of any large number of slave-price quotations.

[2] The cotton price averages are made from the tables given by E. J. Donnell in his Chronological and Statistical History of Cotton, New York, 1872, with the aid of the summaries published by G. L. Watkins, Production and Price of Cotton for One Hundred Years, U. S. Department of Agriculture, Washington, 1895.

SLAVE AND COTTON PRICES IN GEORGIA

Year	Average Price of Prime Field Hands	Economic Situation and the Chief Determinant Factors	Average N. Y. Price of Upland Cotton	Years
1755.....	£55			
1773......	60			
1776–1783.	....	War and depression in industry and commerce.		
1784......	70	Peace and returning prosperity.		
1792......	$300	Depression due to Great Britain's attitude toward American commerce.		
1793......	....	Cotton gin invented.		
1800[1]. ...	450	....	30 cents.	1795–1805
1808......	....	African slave trade prohibited.		
1809......	600	Embargo moderates rise in prices.	19 cents.	1805–1810
1813......	450	War with Great Britain	12 cents.	1813
1818......	1000	Inflation	29 cents.	1816–1818
1819......	....	Financial crisis.................	16 cents.	1819
1821......	700	Recovery from panic............	14 cents.	1821
1826......	800	Moderate prosperity	15 cents.	1824–1827
1827......	....	Depression.		
1828......	700	....	10 cents.	1827–1828
1835......	900	Flush times....................	17½ cents.	1835
1837......	1300	Inflation—crash	13½ cents.	1837
1839......	1000	Cotton crisis	13½ cents.	1839
1840......	700	Cotton crisis; acute distress......	9 cents.	1840
1844......	600	Depression	7½ cents.	1844
1845......	....	Severe depression	5½ cents.	1845
1848......	900	Recovery in cotton prices. Texas demand for slaves	9½ cents.	1847–1848
1851......	1050	Prosperity	12 cents.	1851
1853......	1200	Expansion of cotton industry and simultaneous rise in tobacco prices.[3]	11 cents.	1850–1860
1859......	1650			
1860[2].....	1800			

[1] The quotations down to this point are lowland quotations. There were very few slaves in the uplands before 1800.

[2] In the later fifties there were numerous local flurries in slave valuations. In central Georgia prime negroes brought $2,000 in 1860, while in western Georgia and central Alabama the prices appear not to have run much above $1,500. For prices in the other parts of the South in that decade, see G. W. Weston, Who are and who may be slaves in the United States, a pamphlet published in 1856. See also Brackett, The Negro in Maryland; Ingle, Southern Sidelights; Hammond, The Cotton Industry, and *De Bow's Review*, vol. xxvi, p. 647.

[3] The rise in tobacco prices and the revival of prosperity in Virginia in this decade tended to diminish the volume of the slave trade and contributed to raising slave prices. *Cf.* W. H. Collins, The Domestic Slave Trade in the Southern States, N. Y., 1904, p. 57.

The decline in the price of cotton was due in some measure to a lessening of cost, through improvements in cultivating, ginning and marketing. The advance in slave prices was due in part to the increasing intelligence and ability of the negroes and to improvements in the system of directing their work on the plantations, and also in part to the decline in the value of money. But the ten-fold or twelve-fold multiplication of the price of slaves, when quoted in terms of the product of their labor, was too great to be explained except by reference to the severe competition of the planters in selling cotton and in buying slaves. Their system of capitalized labor was out of place in the modern competitive world, and burdened with that system all the competition of the cotton planters was bound to be of a cut-throat nature. In other words, when capital and labor were combined, as in the American slaveholding system, there was an irresistible tendency to overvalue and overcapitalize slave labor, and to carry it to the point where the financial equilibrium was unsafe, and any crisis threatened complete bankruptcy.

Aside from the expense of food, clothing and shelter, the cost of slave labor for any given period of time was made up of several elements:

(1) Interest upon the capital invested in the slave.

(2) Economic insurance against (a) his death, (b) his illness or accidental injury, and (c) his flight from service.[1] Of course insurance policies were seldom taken out to cover these risks, but the cost of insurance against them must be reckoned in the cost of slave labor for any given period.

(3) The diminishing value of every mature slave by reason of increasing age. Because of the "wear and tear" of his years and his diminishing prospect of life and usefulness, the average slave of fifty-five years of age would be worth only half

[1] Physicians' and attorneys' fees should perhaps be included under the head of insurance. It may be noted that doctors' charges were generally the same for slaves as for white persons. To illustrate how expensive this charge often was, we may cite an instance given in the records of Troup county, Georgia, where Dr. Ware collected from Col. Truitt's estate $130.50 for medicine and daily visits to a negro child, from November 29, 1858, to January 5, 1859.

as much as one of twenty-five years, and after fifty-five the valuation decreased still more rapidly. In computing the cost of any group of slaves it will be necessary to set over against this depreciation the value of the children born; but, on the other hand, the cost by groups would be increased by the need of supporting the disabled negroes who were not in the working gangs.

(4) Taxation assessed upon the capitalized value of the slaves. In the slaveholding region as a whole, in the later antebellum period, the total assessed value of slave property was at least as great as that of all the other sorts of property combined.

The rate of slave hire would furnish a good index of the current price of slave labor year by year, if sufficient quotations on a stable basis could be obtained. But on account of the special needs or wishes of the parties to the individual bargains, there were such opportunities for higgling the rate in individual cases that the current rate is very elusive. The following averages, computed from a limited number of quotations for the hire of men slaves in middle Georgia, are illustrative: In 1800, $100 per year; in 1816, $110; in 1818, $140; in 1833, $140; in 1836, $155; in 1841, $140; in 1860, $150. These were in most cases the years of maximum quotations in the respective periods. The local fluctuations in short periods were often very pronounced; but in the long run the rate followed a gradual upward movement.

The relation between the price of slaves and the rate of their hire should theoretically have borne, in quiet periods, a definite relation to the rate of interest upon capital; but the truth is that in the matter of slave prices there was, through the whole period after the closing of the African trade, a tendency to "frenzied finance" in the cotton belt. Slave prices were largely controlled by speculation, while slave hire was regulated more largely by the current rate of wages for labor in general. The whole subject of these relations is one for which authentic data are perhaps too scanty to permit of thorough analysis.

Negro slave labor was expensive, not so much because it

was unwilling as because it was overcapitalized and inelastic. The negro of himself, by reason of his inherited inaptitude, was inefficient as a self-directing laborer in civilized industry. The whole system of civilized life was novel and artificial to him; and to make him play a valuable part in it, strict guidance and supervision were essential. Without the plantation system, the mass of the negroes would have been an unbearable burden in America; and except in slavery they could never have been utilized, in the beginning, for plantation work. The negro had no love of work for work's sake; and he had little appreciation of future goods when set over against present exemption from toil. That is to say, he lacked the economic motive without which voluntary civilized industry is impossible. It is a mistake to apply the general philosophy of slavery to the American situation without very serious modification.[1] A slave among the Greeks or Romans was generally a relatively civilized person, whose voluntary labor would have been far more productive than his labor under compulsion. But the negro slave was a negro first, last and always, and a slave incidentally. Mr. Cairnes and others make a great mistake when they attribute his inefficiency and expensiveness altogether to the one incident of regulation. Regulation actually remedied in large degree the disadvantages of using negro labor, though it failed to make it as cheap, in most employments, as free white labor would have been. The cotton planter found the negro already a part of the situation. To render him useful, firm regulation was necessary. The forcible control of the negro was in the beginning a necessity, and was not of itself a burden at any time.[2]

[1] Palgrave's Dictionary of Political Economy contains an excellent article upon slavery, in which it is indicated that harshness and compulsion were not always essential in slave labor; that the motive force was often a sort of feudal devotion to the master; and, further, that negro slave labor was practically essential for developing the resources of the hot malarial swamp regions.

[2] The current rate of hire to-day for negro workmen in agriculture in Georgia is from $8 to $12 per month; but for the year 1904, the state of Georgia leased out its able-bodied convicts at an average rate of $225 per year. When under strict discipline, the average negro even to-day, it appears, is worth twice as much as when left to his own devices.

In American slaveholding, however, the capitalization of labor-value and the sale and purchase of labor-control were permanent features; and when the supply was "cornered" it was unavoidable that the price should be bid up to the point of overvaluation.[1] And this brings us to the main economic disadvantage of the system.

In employing free labor, wages are paid from time to time as the work is done, and the employer can count upon receiving from the products of that labor an income which will enable him to continue to pay its wages in the future, while his working capital is left free for other uses. He may invest a portion of his capital in lands and buildings, and use most of the remainder as circulating capital for special purposes, retaining only a small percentage as a reserve fund. But to secure a working force of slaves, the ante-bellum planter had to invest all the capital that he owned or could borrow in the purchase of slaves and lands; [2] for the larger his plantation was, within certain limits, the more economies he could introduce. The temptation was very strong for him to trim down to the lowest possible limit the fund for supplies and reserve. The slaveholding system thus absorbed the planter's earnings; and

[1] In the periods of high slave prices employers found that slave labor was too expensive to be used with profit except in plantation industry under the most favorable circumstances. Striking proof of this is to be seen in the eager employment, wherever they could be had, of Irish and German immigrants for canal and railway building, ditching and any other labor which might prove injurious to a negro's health and strength. Slaves were growing too dear to be used. W. H. Russell (My Diary North and South, Boston, 1863, p. 272) writing of the Louisiana sugar district in 1860, says: "The labor of ditching, trenching, cleaning the waste lands and hewing down the forests, is generally done by Irish laborers, who travel about the country under contractors, or are engaged by resident gangsmen for the task. Mr. Seal lamented the high prices for this work; but then, as he said, 'It was much better to have Irish do it, who cost nothing to the planter, if they died, than to use up good field hands in such severe employment.'" The documentary evidence in regard to the competition and rather extensive substitution of immigrant labor for that of slaves in the times of high slave prices is quite conclusive, in spite of its fugitive character. Further data may be found in *DeBow's Review*, vol. xi, p. 400; *Harper's Magazine*, vol. vii, pp. 752 *et seq.;* Sir Chas. Lyell, Second Visit to the United States, vol. ii, p. 127; Waddell, Annals of Augusta County, Virginia, pp. 272, 273; and the James River and Kanawha Canal Company's fourth annual report, Richmond, 1839.

[2] *Cf.* F. L. Olmsted, A Journey to Texas, pp. 8–10.

for such absorption it had unlimited capacity, for the greater the profits of the planters the more slaves they wanted and the higher the slave prices mounted. Individual profits, as fast as made, went into the purchase of labor, and not into modern implements or land improvements.[1] Circulating capital was at once converted into fixed capital; while for their annual supplies of food, implements and luxuries the planters continued to rely upon their credit with the local merchants, and the local merchants to rely upon their credit with northern merchants and bankers.

Thus there was a never-ending private loss through the continual payment of interest and the enhancement of prices; and, further, there was a continuous public loss by the draining of wealth out of the cotton belt by the slave trade.[2] With the

[1] This was lamented by many planters, especially in times of low staple prices. *Cf. Southern Agriculturist*, published at Charleston, 1828, vol. ii, p. 1 *et passim;* and especially an address by Dr. Manly before the Alabama State Agricultural Society, Dec. 7, 1841, published in the *Tuscaloosa Monitor*, April 13, 1842. (File in the Alabama State Department of Archives and History.)

[2] This injurious effect of the slave traffic is strikingly illustrated in the account by a Charleston bookseller, E. S. Thomas, of the misfortunes which befell his business by the reopening of the South Carolina ports to the foreign slave trade in 1803. Thomas had found the business opportunities in Charleston exceedingly good; and for some years he had been annually doubling his capital. But in November, 1803, he had just opened a new importation of fifty thousand volumes, when news came from Columbia that the legislature had opened the ports to the slave trade. "The news had not been five hours in the city," he writes, "before two large British Guineamen, that had been lying on and off the port for several days expecting it, came up to town; and from that day my business began to decline.......A great change at once took place in everything. Vessels were fitted out in numbers for the coast of Africa, and as fast as they returned their cargoes were bought up with avidity, not only consuming the large funds that had been accumulating but all that could be procured, and finally exhausting credit and mortgaging the slaves for payment.......For myself, I was upwards of five years disposing of my large stock, at a sacrifice of more than a half, in all the principal towns, from Augusta, in Georgia, to Boston." E. S. Thomas, Reminiscences, vol. ii, pp. 35, 36.

The same general phenomena were observed in various other parts of the South, as is shown by the following extract from a letter written August 22, 1774, by one John Brown, a citizen of Virginia, to William Preston: "Some time ago you told me that you intended to enter the servant trade, and desire[d] me to tell if there was any encouragement our way for the sale of them. I think there is none, for these reasons: (1) the scarcity of money; (2) servants are plenty and everyone has as many as they want; besides, the country is sunk in debt by them already. If you

stopping of the African slave trade, the drain of wealth from the lower South was not checked at all, but merely diverted from England and New England to the upper tier of southern states; and there it did little but demoralize industry and postpone to a later generation the agricultural revival.

The capitalization of labor lessened its elasticity and its versatility; it tended to fix labor rigidly in one line of employment. There was little or no floating labor in the plantation districts; and the planter was obliged to plan in detail a whole year's work before the year began. If he should plant a larger acreage than his "force" could cultivate and harvest, a part of the crop would have to be abandoned, unless by chance some free negro or stray Irishman could be found for the odd job. As an illustration of the financial hardships which might befall the slaveholder, it may be noted that in 1839 William Lowndes Yancey happened to lose his whole force of slaves through poisoning in the midst of the working season. The disaster involved his absolute ruin as a planter, and forced him to seek some other opening which did not require the possession of capital.[1]

In the operations of cotton production, where fluctuating and highly uncertain returns demanded the greatest flexibility, the slaveholding system was rigid. When by overproduction the price of cotton was depressed, it could be raised again only by curtailing the output in the American cotton belt, which had the monopoly. But the planter, owning cotton lands and slaves trained in the cotton field alone, found it hard to devote his fields with success to other crops or to sell or lease his negroes to any one else, for no one else wanted them for any other purpose than cotton production. In fact, the proportion of the southern resources devoted to cotton production tended always to increase. To diminish the cotton output required the most heroic efforts. As a rule, the chances of heavy gains

have not as yet engaged, I think it not prudent for you to do it at the present juncture; you have business enough upon hand, but these things you can better think of than I can." Original MS. in Wisconsin Historical Society, Draper Collection, series QQ, vol. iii, no. 81.

[1] G. W. DuBose, Life of Wm. L. Yancey, p. 39.

from cotton planting outweighed those of loss, in the popular estimation; and the strong and constant tendency was to spoil the market by over-supply.

There were uncertain returns in cotton raising, and great risks in slave-owning. The crop might be heavy or light in any year, according to the acreage and the weather, and prices might be away up or away down. A prime slave might be killed by a rattlesnake or crippled in a log-rolling or hanged for murder or spirited away by the underground railroad. All these uncertainties fostered extravagance and speculation.

In the cotton belt inflation and depression followed each other in rapid succession; but the times of prosperity brought less real advantage and periods of depression caused greater hardship in the slaveholding South than in any normally organized community. For by the capitalizing of labor, profits were generally absorbed through the purchasing of additional slaves at higher prices, while in time of need the cotton-planter found it impossible to realize upon his investment because his neighbors were involved in the same difficulties which embarrassed him, and when he would sell they could not buy.

When after the peace in 1815 the system of industry and finance of the ante-bellum South had fully developed itself, the South and its leaders were seized in the grip of social and economic forces which were rendered irresistible by the imperious laws of monopoly. The cotton-planters controlled the South, and for some decades they dominated the policy of the federal government; but the cotton-planters themselves were hurried hither and thither by their two inanimate but arbitrary masters, cotton and slavery.

Cotton and slavery were peculiar to the South, and their requirements were often in conflict with the interests and ideas prevailing in the other parts of the United States. As that conflict of interests and sentiments was accentuated, it became apparent that the South was in a congressional minority, likely to be overridden at any time by a northern majority. Ruin was threatening the vested interests and the social order in the South; and the force of circumstances drove the southern politicians into the policy of resistance. To the leaders in the

South, with their ever-present view of the possibility of negro uprisings, the regulations of slavery seemed essential for safety and prosperity. And when they found themselves about to become powerless to check any legislation hostile to the established order in the South, they adopted the policy of secession, seeking, as they saw it, the lesser of the evils confronting them.

Because they were blinded by the abolition agitation in the North and other historical developments which we cannot here discuss, most of the later generation of ante-bellum planters could not see that slaveholding was essentially burdensome. But that which was partly hidden from their vision is clear to us to-day. In the great system of southern industry and commerce, working with seeming smoothness, the negro laborers were inefficient in spite of discipline, and slavery was an obstacle to all progress. The system may be likened to an engine, with slavery as its great fly-wheel—a fly-wheel indispensable for safe running at first, perhaps, but later rendered less useful by improvements in the machinery, and finally becoming a burden instead of a benefit. Yet it was retained, because it was still considered essential in securing the adjustment and regular working of the complex mechanism. This great rigid wheel of slavery was so awkward and burdensome that it absorbed the momentum and retarded the movement of the whole machine without rendering any service of great value. The capitalization of labor and the export of earnings in exchange for more workmen, always of a low degree of efficiency, together with the extreme lack of versatility, deprived the South of the natural advantage which the cotton monopoly should have given. To be rid of the capitalization of labor as a part of the slaveholding system was a great requisite for the material progress of the South.

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